



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
Chief Administrative Officer

July 6, 2004

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**TRIAL COURT FACILITIES ACT OF 2002: QUARTERLY UPDATE**

On November 12, 2002, your Board instructed my office to report on the implementation of SB 1732 and to provide quarterly updates thereafter. SB 1732 is the legislation which requires the transfer of County courthouses to the State. This is the sixth quarterly report on the subject and covers April through June 2004 activities.

***Implementation of SB 1732***

County staff have been meeting with the Administrative Office of the Courts (AOC) and participating in the bi-weekly conference calls with the California State Association of Counties (CSAC). Significant issues under discussion include:

- Although the County Facilities Payment (CFP) is to be based on actual expenditures, CSAC staff have indicated that they have agreed with AOC staff that, for purposes of determining insurance costs, Counties must pay an amount equivalent to the estimated cost of commercial insurance. Because about one quarter of Los Angeles County courthouses are self-insured (i.e., losses are absorbed when they occur), and many of the remainder will be self-insured before transfer, when the bonds are defeased, this interpretation of SB 1732 could subject the County to enormous costs in order to transfer courthouses, with an equivalent windfall for the State.
- Although SB 1732 requires the CFP to be based on direct and indirect costs, payment on indirect costs to their full extent would increase County costs and again provide a windfall for the State.

- As reported earlier, the State conducted a draft structural seismic assessment of all of the County courthouses and ranked various buildings as structurally adequate, deficient, or exempt. As a result, only the newly constructed, and a few, smaller courthouses may be considered transferable to the State, unless the County performs major upgrades.
- In an effort to receive credit for the energy saving projects continuing to be implemented by the County Internal Services Department, the County has participated in drafting an amendment to the SB 1732 statute. We are hopeful that the compromise language now being heard in the Assembly Appropriation Committee (SB 749, Escutia) will provide credit for the saving we are generating.

#### Recent Activities

My office, the Auditor-Controller, County Counsel, Department of Public Works, and Internal Services Department have been meeting on a monthly basis to address the implementation of SB 1732. Issues discussed include:

- Based on a review of the State's seismic standards for transfer, we have selected the Airport and Chatsworth courthouses as the pilot facilities to start negotiation with the State. Since these courthouses are newly constructed, they meet the seismic requirement and will have the lowest County payment.
- We are collecting the documentation required by AOC related to the Airport and Chatsworth courthouses' structural and physical condition, environmental, bonded indebtedness, pending maintenance and capital projects, historical buildings, leased facilities, insurance for facilities and related information.
- We are completing the calculation of annual CFP forms for the Airport and Chatsworth courthouses.

In addition, on June 4, 2004, my office hosted the third meeting with the Southern California Counties representatives. Issues discussed were:

- Progress report from Counties on their respective kickoff meetings with the AOC;
- Status reports on data collection efforts, seismic discussions, parking, and utility cost calculation; and

Each Supervisor  
July 6, 2004  
Page 3

- Progress reports from the pilot Counties on their negotiation with AOC.

County staff continues to participate in the bi-weekly conference calls with CSAC, and to meet the AOC representatives on a regular basis.

We will report back with the next quarterly report in October 2004.

DEJ:JSE  
MV:AT:rr

c:     Executive Officer, Board of Supervisors  
         Auditor-Controller  
         County Counsel  
         Internal Service Department  
         Department of Public Works